

Audit Scotland's annual statement on efficiency, effectiveness and economy for 2011/12

The Public Services Reform (Scotland) Act 2010, section 32(1)(b) requires listed public bodies to publish a statement in relation to efficiency, effectiveness and economy as soon as possible after the end of the financial year.

The following statement sets out the steps that Audit Scotland has taken in 2011/12 to improve its efficiency, effectiveness and economy in the exercise of its functions. Further information on this and our audit work is contained in our Annual Report 2011/12 which is on our website at www.audit-scotland.gov.uk

Introduction

Audit Scotland is a statutory body that supports the Auditor General and the Accounts Commission in making sure public money in Scotland is used properly, efficiently and effectively by undertaking audits and investigations of Scottish public bodies.

To ensure objectivity in our work, Audit Scotland is independent of the Scottish Government and ministers. Maintaining our independence from those we audit limits our ability to share services. However, where sharing is possible we have done so.

Efficiency, effectiveness and economy improvements during 2011/12

The Scottish Commission for Public Audit (SCPA), established under Section 12 of the Public Finance and Accountability (Scotland) Act 2000, examines our proposals for the use of our resources and expenditure and reports on them to the Parliament. Our budget proposals can be found on the Scottish Parliaments website.

As our income comes from parliament and the public bodies we audit, reducing our costs will help, albeit in a small way, their cost pressures through, for example, reduced audit fees. Overall, we are aiming to reduce the cost of audit to public bodies by at least 20 per cent over four years to 2014/15. This year we applied a 5.5 per cent real terms fees reduction, and also returned £1.5 million in efficiency savings to audited bodies..

In 2011/12, we delivered £3.3 million of efficiency savings, against a target of £1.9 million. This was 12.5 per cent of our overall budget. Efficiency savings have been possible through careful workforce planning, a payment and recruitment freeze and a corporate programme of efficiency improvement projects with a focus on delivery, maintaining quality while reducing costs.

We finalised the appointment of new auditors across the public sector for the next five years from 2011/12, which will save at least £1.2 million a year.

We have moved to a rolling programme of performance audits, where we have a fixed programme of work for the year and a programme of potential topics on which we will keep a watching brief and may audit at a future date. This change has made our programme more effective and flexible by allowing us to focus on topics that really matter.

We carried out a lean review of our project management framework for performance audits. A number of areas for improving efficiency have been identified.

We introduced an Electronic Working Papers system (MKInsight) for all our financial audit work. During the first year of implementation, underlying efficiency has improved by around 6% within audits and we are on-track to deliver further efficiencies. MKInsight has contributed significantly to management oversight of the audit process, particularly in the

context of quality, and 92% of staff were “positive” or “very positive” about its introduction. Storage and handling of paper files have reduced and information management is now better controlled through systems access rights, back-up and continuity arrangements.

Comparing how we perform against other relevant public sector bodies is important to us. This year we continued to compare ourselves using the performance indicators in the joint UK audit agencies report *Value for Money in public corporate services*. The Scottish Government produced reports from submissions from public bodies.

A number of initiatives have or are being implemented to help reduce costs and improve our efficiency. For example:

- Sixteen colleagues left the organisation through our voluntary early release scheme which generated significant financial savings and allowed us to reshape our workforce.
- Our new electronic purchase order system has strengthened our purchasing process and improved our performance and management of our supplier invoices. We paid 92 per cent of supplier invoices within 10 days of receipt, up from 73 per cent in 2010/11. Payment of invoices within 30 days also improved from 98 per cent to 99 per cent.
- In 2011/12, we made efficiency savings by bringing design projects in-house, publishing key documents online only and reducing our print runs.
- We continued to improve our IT capabilities by upgrading our disaster recovery site, this enabled us to demonstrate a full recovery of our IT systems in 2 hours. We upgraded our Citrix environment to give greater performance, stability and add new features. Rationalising the IT network has reduced our revenue expenditure by £60,000.

Sharing services and resources within the public sector allows economy of scale cost and efficiency savings. Where sharing does not impact our independence we have done this. For example:

- We use the Public Contracts Scotland portal to procure services for Audit Scotland, the Auditor General and the Accounts Commission where it is beneficial to do so. For example, we procured: appointed auditors for the Auditor General and the Accounts Commission; our internal auditors; and specialist services to assist with audit work.
- We use competitive contracts secured by Scottish Procurement, leading to savings on our utility costs, computer accessories and managed print services.
- We share spaces on training courses run by other public sector organisations. For example, Audit Scotland sent delegates to attend management development training operated by Scottish Natural Heritage and NHS Health Improvement Scotland. We also had delegates attend management development offered by other audit agencies operating in the UK.